

Modification proposal:	Uniform Network Code (UNC) 497: Removal of the CSEP NExA table held within Annex A part 8		
Decision:	The Authority ¹ has decided to accept UNC497 ²		
Target audience:	The Joint Office, Parties to the UNC and other interested parties		
Date of publication:	20 November 2014	Implementation date:	To be confirmed by the Joint Office

Background to the modification proposal

A Connected System Exit Point (CSEP) is a point where gas may flow out of the relevant Gas Transporter's (GTs) system, for instance into the network of an Independent GT (IGT). Whilst the relationship between the GT and each gas shipper is governed by the relevant Network Code, the relationship between the upstream GT and an IGT is managed through a separate document known as the CSEP Network Exit Agreement (NExA).

IGTs are required to adopt the Annual Quantity (AQ) values set out in the CSEP NExA³ table (the AQ Table), for the purposes of calculating domestic transportation charges. The AQ values set out in the AQ Table represent an estimate of the annual quantity of gas consumed in accordance with the property type and geographical location.⁴

As gas shippers are not party to the CSEP NExA, the AQ Table has been replicated in the IGT UNC in order to provide greater transparency and the ability to propose changes. Although the IGT reviews of AQ values were previously infrequent, the implementation of modification IGT051⁵ now requires there to be an annual review. IGT053⁶ subsequently put in place a process by which the results of the annual review will be adopted. This raises the prospect of the CSEP NExA also needing to be constantly updated.

The modification proposal

UNC497 proposes to delete the AQ table published in the Annex A Part 8 of the CSEP NExA, and replace it with a reference to the most up to date version of the AQ table published by the IGTs.

UNC497 does not seek to change any text within the UNC itself.

UNC Panel⁷ recommendation

At its meeting of 16 October 2014 the UNC Panel voted unanimously to recommend the implementation of UNC497. The Panel considered that the implementation of UNC497 would better facilitate relevant objective (f) of the UNC.

¹ The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of Gas and Electricity Markets.

² This document is notice of the reasons for this decision as required by section 38A of the Gas Act 1986.

³ The NExA sets out the technical and operational conditions for the connection point. The NExA is agreed between a large Gas Transporter and an IGT and/or Shipper.

⁴ Property types range from one bedroom to six bedroom properties. Locations are split into South, Average, and North.

⁵ iGT051: 'Amendment of iGT AQ Review Procedures document – additional reporting'.

⁶ iGT053: 'Introduction of annual updates to the AQ values within the CSEP NExA table'.

⁷ The UNC Panel is established and constituted from time to time pursuant to and in accordance with the UNC Modification Rules.

Our decision

We have considered the issues raised by the modification proposal and the FMR dated 16 October 2014. We have considered and taken into account the responses to the Joint Office's consultation on the modification proposal, which are attached to the FMR.⁸ We have concluded that:

1. implementation of UNC497 will better facilitate the achievement of the relevant objectives of the UNC;⁹ and
2. directing that the UNC497 be made is consistent with the Authority's principal objective and statutory duties.¹⁰

Reasons for our decision

We agree with the proposer, respondents and the UNC panel that as UNC497 is about administrative efficiency, it is appropriate to consider its impacts against relevant objective (f). We consider UNC497 would of itself have a neutral impact upon the other relevant objectives.

(f) Promotion of efficiency in the implementation and administration of the Code

The duplicated publication of the AQ Table addressed an historic anomaly, providing transparency and allowing for the participation of gas shippers who are not party to the CSEP NExA. This issue has now been more effectively addressed with recent modifications to the iGT UNC allowing for the annual revision of the AQ Table, which includes the participation of shippers.

We agree with those respondents who suggested that removing the redundant AQ table from the CSEP NExA, to instead incorporate by reference the prevailing version published under the iGT UNC, will both improve clarity and be administratively efficient. We therefore agree that the implementation of UNC497 will better facilitate relevant objective (f).

Decision notice

In accordance with Standard Special Condition A11 of the Gas Transporters Licence, the Authority hereby directs that modification proposal UNC497: 'Removal of the CSEP NExA table held within Annex A part 8' be made.

Rob Church

Partner, Retail Markets

Signed on behalf of the Authority and authorised for that purpose.

⁸ UNC modification proposals, modification reports and representations can be viewed on the Joint Office of Gas Transporters website at www.gasgovernance.com.

⁹ As set out in Standard Special Condition A11(1) of the Gas Transporters Licence, see: <https://epr.ofgem.gov.uk/Content/Documents/Standard%20Special%20Condition%20-%20PART%20A%20Consolidated%20-%20Current%20Version.pdf>.

¹⁰ The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Gas Act 1986.